

Message Text

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PAGE 01 BOMBAY 01645 191135Z

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E. O. 11652: N/A

TAGS: BEXP, IN

SUBJ: INVESTMENT OPPORTUNITY - STATE-OWNED CORPORATION
SEEKS CERAMIC CAPACITOR TECHNOLOGY.

REF: CERP SECTION D; 10 FAM 948

1. STATE INDUSTRIAL AND INVESTMENT CORPORATION OF MAHARASHTRA LIMITED (SICOM), NIRMAL, NARIMAN POINT, POST BOX NO. 397, BOMBAY 400 001, AN INDUSTRIAL DEVELOPMENT CORPORATION OWNED BY THE MAHARASHTRA STATE GOVERNMENT HAS EXPRESSED INTEREST IN AMERICAN TECHNOLOGY TO MANUFACTURE CERAMIC CAPACITORS.

2. TWO COPIES OF SICOM'S PROJECT OUTLINES BEING AIRPOUCHED 07/23/74. WTDR ON SICOM IS UNDER PREPARATION.

3. PROPOSAL: SICOM'S PROJECT, APPROVED IN PRINCIPLE BY THE GOI, ENVISAGES ANNUAL PRODUCTION OF 20 MILLION PROFESSIONAL GRADE AND GENERAL PURPOSE CERAMIC CAPACITORS AT NAGPUR, 520 MILES EAST OF BOMBAY. RAW MATERIALS, SKILLED LABOR, WATER AND POWER SUPPLY ARE AVAILABLE AT THE PROPOSED SITE. ESTIMATED TO COST RS.4.8 MILLION (RS.7.50 EQUAL TO \$1.00), SICOM'S NEW VENTURE WILL BE STARTED IN FINANCIAL PARTICIPATION WITH A LOCAL FIRM. ALTHOUGH FOREIGN PARTICIPATION IN CERAMIC CAPACITOR INDUSTRY IS BANNED, SICOM HAS REACHED AN UNDERSTANDING WITH CONCERNED GOI DEPARTMENTS

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PAGE 02 BOMBAY 01645 191135Z

THAT THE FORMER WILL BE PERMITTED FOREIGN COLLABORATION

PROVIDED 40-50 PER CENT OF THE PROPOSED PRODUCTION IS EXPORTED. TO MEET WITH THIS REQUIREMENT, SICOM IS PLANNING EXPANSION OF PROJECTED ANNUAL CAPACITY TO 60-70 MILLION UNITS. SICOM IS SEEKING AN AMERICAN PARTNER TO PROVIDE (1) TECHNICAL KNOW-HOW AND (2) EXPORT MARKETING ASSISTANCE. IT IS OPEN TO DISCUSS TERMS OF PARTICIPATION INCLUDING EQUITY PARTICIPATION BY US PARTNER, IF LATTER SO DESIRES.

4. MARKET PROFILE: ACCORDING TO SICOM, CURRENT ANNUAL PRODUCTION CAPACITY OF CERAMIC CAPACITORS, SHARED BY THREE FIRMS INCLUDING INDIAN SUBSIDIARY OF DUTCH PHILIPS, IS 120 MILLION UNITS (PRODUCTION 60 MILLION). SEVERAL FIRMS LIKELY TO ENTER THE FIELD INCREASING CAPACITY TO 207 MILLION BY 1976. DEMAND AT THIS TIME IS ESTIMATED AT 263 MILLION UNITS, INDICATING A GAP OF 56 MILLION.

5. ACTION REQUESTED: THAT DEPARTMENT CIRCULATE SICOM'S INTEREST AMONG POTENTIALLY QUALIFIED US FIRMS. POST WOULD APPRECIATE RECEIVING A LISTING OF FIRMS EVINCING INTEREST IN THE PROPOSAL. ANNOUNCEMENT IN COMMERCE TODAY IS ALSO RECOMMENDED UPON RECEIPT OF THE PROJECT OUTLINES.
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